



June 13, 2003

Re: Proposed Rulemaking on Net Metering, Draft 1

Interested Distributed Generation Participants:

It has been quite a while since our last contact, but the IURC continues to pursue the establishment of policies relating to distributed generation (DG). We have paused the development of general interconnection rules for DG in Indiana due to the FERC Advance NOPR ("Standardization of Small Generation Interconnection Agreements and Procedures") that was released in August 2002 and the ensuing stakeholder process in the fall of 2002. We anticipate a final rule will be issued by FERC this summer, but if FERC fails to issue a final rule, we will begin to develop rules on our own.

Regarding smaller DG, or, in essence, net metering, after our workshop in 2002 we embarked on an effort to encourage each investor-owned utility to voluntarily file a net metering tariff. The result of these efforts has been that Indianapolis Power and Light Company expanded its existing net metering tariff to now include wind and hydroelectric systems as well as solar photovoltaic systems. PSI Energy also expanded its existing net metering tariff to include wind and low-head hydro systems and well as photovoltaic systems. Southern Indiana Gas and Electric Company has filed a new net metering tariff that includes photovoltaic, wind, hydroelectric, and fuel cell generation systems. This tariff is expected to be approved under the Commission's thirty-day filing process on June 18, 2003.

The Commission staff has been working on a new net metering rule for Indiana (attached, and available at: [http://www.in.gov/iurc/utilities/energy/distribute/distribute\\_index.html](http://www.in.gov/iurc/utilities/energy/distribute/distribute_index.html)). We are sending this to you in order to obtain additional informal comments before we begin on a formal rulemaking. We would like to receive all comments on this draft of the net metering rule

by July 15, 2003. We will post any comments we receive on our website. As always, we are available to meet with any interested party on this issue.

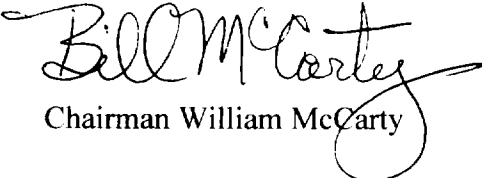
Once we have received comments on this draft of the net metering rule, and had time to analyze and discuss them internally, we will decide if a workshop is necessary, or another draft and another round of informal comments, or if we will start the formal rulemaking process.

Kindly submit your comments electronically to David Johnston ([djohnston@urc.state.in.us](mailto:djohnston@urc.state.in.us)) and Dale Thomas ([dthomas@urc.state.in.us](mailto:dthomas@urc.state.in.us)) of the Commission's Electricity Division. Receipt of comments will be noted by a return e-mail from a member of the Commission Staff.

Interested parties can view the progress of these discussions by going to the Commission's website [www.in.gov/iurc](http://www.in.gov/iurc), and clicking on the link entitled 'Distributed Resources Workgroup' under "Electric Industry Issues". All filed comments will be made public and posted on the aforementioned website.

The Commission continues to look forward to this process and appreciates any and all insights on these issues or other related topics. Thank you for your time and we hope that you share our interest in moving forward with this collaborative process. Please direct your questions to David Johnston at (317) 232-4234.

Sincerely,

  
Chairman William McCarty

Enclosure: Indiana Net Metering Proposed Rule Draft 1